

GENERAL CABLE CORP /DE/

Form 10-K/A

November 08, 2006

UNITED STATES SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549  
FORM 10-K/A  
Amendment No. 1

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES  
EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d)  
OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from \_\_\_\_\_ to \_\_\_\_\_ .

Commission file number: 1-12983

GENERAL CABLE CORPORATION

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of  
incorporation or organization)

06-1398235

(I.R.S. Employer Identification No.)

4 Tesseneer Drive  
Highland Heights, KY

(Address of principal executive offices)

41076-9753

(Zip Code)

Registrant's telephone number, including area code: (859) 572-8000

Securities Registered Pursuant to Section 12(b) of the Act:

Title of each class

Name of each exchange on which registered

Common Stock, \$.01 Par Value

New York Stock Exchange

Securities Registered Pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes  No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation of S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes  No

The aggregate market value of the Registrant's Common Stock held by non-affiliates of the registrant was \$575.8 million at July 1, 2005 (based upon non-affiliate holdings of 38,698,194 shares and a market price of \$14.88 per share).

As of March 1, 2006, there were 50,228,749 shares of the registrant's Common Stock outstanding.

**DOCUMENTS INCORPORATED BY REFERENCE:**

Portions of the definitive Proxy Statement for the registrant's Annual Meeting of Shareholders to be filed with the Securities and Exchange Commission within 120 days after December 31, 2005 have been incorporated by reference into Part III of this Annual Report on Form 10-K/A.

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**EXPLANATORY NOTE**

This Form 10-K/A is being filed to restate the segment reporting footnote disclosure related to our operations. We have restated the accompanying consolidated financial statements to correct our segment disclosure for all periods presented to disaggregate our previously reported three reportable segments (Energy, Industrial & Specialty and Communications) to eight reportable segments (North American Electric Utility, International Electric Utility, North American Portable Power and Control, North American Electrical Infrastructure, International Electrical Infrastructure, Transportation and Industrial Harnesses, Telecommunications and Networking). See revised disclosures as discussed in Note 19 to the Consolidated Financial Statements. Unless otherwise indicated, no information in this Form 10-K/A has been updated for any subsequent information or events from the original filing. For the convenience of the reader, this Form 10-K/A sets forth the entire 2005 Form 10-K. However, this Form 10-K/A amends and restates only Items 1, 1A, 2, 6, 7, 8 and 9A of the 2005 Form 10-K, in each case solely to restate our segment disclosures. The aforementioned changes to the Consolidated Financial Statements have no effect on the Company's financial position as of December 31, 2005 and 2004 or its results of operations and cash flows for the fiscal years ended December 31, 2005, 2004 and 2003.

## **PART I.**

### **Item 1. Business**

General Cable Corporation (the Company) is a leading global developer, designer, manufacturer, marketer and distributor of copper, aluminum and fiber optic wire and cable products. The Company's operations are divided into eight main reportable segments: North American Electric Utility, International Electric Utility, North American Portable Power and Control, North American Electrical Infrastructure, International Electrical Infrastructure, Transportation and Industrial Harnesses, Telecommunications and Networking.

North American Electric Utility cable products include low-, medium- and high-voltage power distribution and power transmission products for overhead and buried applications. International Electric Utility cable products include low-, medium-, high- and extra high-voltage power distribution and power transmission products for overhead and buried applications. North American Portable Power and Control cable products include electronic signal, control, sound and security cables, and flexible cords used for temporary power, OEM applications and maintenance and repair. North American Electrical Infrastructure cable products include low- and medium-voltage industrial instrumentation, power and control cables used for power generation, refining and petrochemical applications, natural gas production, factory automation and non-residential industrial construction. International Electrical Infrastructure cable products include maintenance cords and cables, flexible construction cables, and industrial instrumentation, power and control cables used for power generation, mining, refining and petrochemical applications, natural gas production, factory automation and non-residential and residential construction. Transportation and Industrial Harnesses cable products include automotive wire and cable and application-specific wire harnesses and assemblies. Telecommunications wire and cable products include low-voltage outside plant wire and cable products for aerial, buried and duct applications. Networking cable products include low-voltage network and other information technology cables.

The Company has a strong market position in each of the segments in which it competes due to product, geographic and customer diversity and the Company's ability to operate as a low cost provider. The Company sells a wide variety of copper, aluminum and fiber optic wire and cable products, which it believes represents the most diversified product line of any U.S. manufacturer. As a result, the Company is able to offer its customers a single source for most of their wire and cable requirements. The Company manufactures its product lines in 28 facilities and sells its products worldwide through its operations in North America, Europe, and Asia Pacific. Technical expertise and implementation of Lean Six Sigma strategies have contributed to the Company's ability to maintain its position as a low cost provider. The Company is a Delaware corporation and was incorporated in April 1994. Its principal executive offices are located at 4 Tessenner Drive, Highland Heights, Kentucky 41076-9753 and its telephone number is (859) 572-8000. The Company's internet address is [www.generalcable.com](http://www.generalcable.com). General Cable's annual report on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K, and amendments to those reports filed or furnished pursuant to Section 13(a) or 15(d) of the Exchange Act, are made available free of charge at [www.generalcable.com](http://www.generalcable.com) as soon as reasonably practicable after we electronically file such material with, or furnish it to, the Securities and Exchange Commission (SEC). In addition, the Company will provide, at no cost, paper or electronic copies of our reports and other filings made with the SEC. Requests should be directed to: Investor Relations, General Cable Corporation, 4 Tessenner Drive, Highland Heights, KY 41076-9753.

The information on the website listed above is not and should not be considered part of this annual report on Form 10-K/A and is not incorporated by reference in this document. This website address is and is only intended to be an inactive textual reference.

The Company and its predecessors have served various wire and cable markets for over 150 years. The Company's immediate predecessor was a unit of American Premier Underwriters, Inc. (American Premier), previously known as The Penn Central Corporation. American Premier acquired the Company's existing wire and cable business in 1981 and significantly expanded the business between 1988 and 1991 by acquiring Carol Cable Company, Inc. and other wire and cable businesses and facilities. In June 1994, a subsidiary of Wassall PLC acquired the predecessor by purchase of General Cable's outstanding subordinated promissory note, the General Cable common stock held by American Premier and a tender offer for the publicly-held General Cable common stock. Between May and August 1997, Wassall consummated public offerings for the sale of all of its interest in General Cable's common stock. The Company has operated as an independent public company since completion of the offerings.



## Products and Markets

Statement of Financial Accounting Standards No. 131, Disclosures about Segments of an Enterprise and Related Information (SFAS 131), establishes standards for reporting information regarding operating segments in annual financial statements and requires selected information of those segments to be presented in interim financial statements. Operating segments are identified as components of an enterprise for which separate discrete financial information is available for evaluation by the chief operating decision-maker in making decisions on how to allocate resources and assess performance. Under the criteria of SFAS 131, the Company has thirteen operating segments and eight reportable segments. The Company has restated the accompanying segment disclosures for all periods presented to disaggregate its previously reported three reportable segments (Energy, Industrial & Specialty and Communications) to eight reportable segments summarized below based on management's change in judgment as related to the criteria for and importance of operating segment economic similarity for operating segment aggregation under SFAS 131. The following table summarizes the change in the Company's segment disclosures:

<b>Operating Segments</b>	<b>Previous Reportable Segments</b>	<b>Current Reportable Segments</b>
North American Utility	Energy	North American Electric Utility
European Utility	Energy	International Electric Utility
Asia Pacific Utility	Energy	International Electric Utility
Portable Cord & Electronics	Industrial & Specialty	North American Portable Power and Control
Industrial Products	Industrial & Specialty	North American Electrical Infrastructure
European Industrial & Specialty Cables	Industrial & Specialty	International Electrical Infrastructure
Asia Pacific Industrial & Specialty Cables	Industrial & Specialty	International Electrical Infrastructure
Automotive Products	Industrial & Specialty	Transportation and Industrial Harnesses
Assemblies	Industrial & Specialty	Transportation and Industrial Harnesses
Outside Voice & Data	Communications	Telecommunications
Datacom Products	Communications	Networking
European Communications	Communications	Networking
Asia Pacific Communications	Communications	Networking

The Automotive Products and Assemblies operating segments have been aggregated into the Transportation and Industrial Harnesses reporting segment and the Datacom Products, European Communications, and Asia Pacific Communications operating segments have been aggregated into the Networking reporting segment based on paragraphs 18, 20 and 21 of SFAS 131 that allow the aggregation of operating segments that do not meet certain quantitative thresholds if management believes the information to be useful to readers, that require at least 75% of total consolidated revenue to be represented by reportable segments, and that allow information about other operating segments that are not reportable to be combined and disclosed. The Asia Pacific Utility and the Asia Pacific Industrial & Specialty Cables segments have been aggregated with the European Utility and European Industrial & Specialty Cables segments, respectively, based on the overall immateriality of the Asia Pacific operating segments compared to the consolidated amounts of the reportable segments into which they are aggregated.



Financial information for each of the Company's eight main reportable segments is summarized below, in millions of dollars:

<b>Net sales:</b>	2005		Year Ended December 31, 2004		2003	
	Amount	%	Amount	%	Amount	%
North American Electric Utility	\$ 563.6	24%	\$ 463.5	24%	\$ 380.9	25%
International Electric Utility	286.0	12%	242.2	12%	179.3	12%
North American Portable Power and Control	226.0	10%	175.2	9%	128.1	8%
North American Electrical Infrastructure	198.0	8%	147.4	7%	131.5	8%
International Electrical Infrastructure	453.0	19%	373.8	19%	241.4	16%
Transportation and Industrial Harnesses	112.8	5%	114.1	6%	101.4	7%
Telecommunications	319.1	13%	280.1	14%	221.4	14%
Networking	222.3	9%	174.4	9%	154.4	10%
<b>Total net sales</b>	<b>\$ 2,380.8</b>	<b>100%</b>	<b>\$ 1,970.7</b>	<b>100%</b>	<b>\$ 1,538.4</b>	<b>100%</b>
<b>Operating income(loss):</b>						
North American Electric Utility	\$ 27.6	23%	\$ 8.5	12%	\$ 9.7	18%
International Electric Utility	37.0	32%	27.7	40%	25.4	47%
North American Portable Power and Control	8.4	7%	4.7	7%	3.2	6%
North American Electrical Infrastructure	(9.9)	(8)%	(17.8)	(25)%	(20.7)	(38)%
International Electrical Infrastructure	21.6	18%	23.6	34%	16.0	30%
Transportation and Industrial Harnesses	18.2	16%	19.5	28%	15.0	28%
Telecommunications	17.4	15%	9.8	14%	6.6	12%
Networking	(3.2)	(3)%	(6.6)	(10)%	(1.3)	(3)%
<b>Subtotal</b>	<b>117.1</b>	<b>100%</b>	<b>69.4</b>	<b>100%</b>	<b>53.9</b>	<b>100%</b>
Corporate charges	(18.6)		(12.9)		(8.2)	
<b>Total operating income</b>	<b>\$ 98.5</b>		<b>\$ 56.5</b>		<b>\$ 45.7</b>	
<b>Total assets:</b>						
North American Electric Utility				December 31, 2005	2004	
				\$ 187.2	\$ 160.7	

International Electric Utility	286.5	189.9
North American Portable Power and Control	98.6	71.3
North American Electrical Infrastructure	93.6	90.5
International Electrical Infrastructure	331.9	222.3
Transportation and Industrial Harnesses	56.7	57.9
Telecommunications	133.1	151.4
Networking	168.7	151.9
Corporate	166.9	143.4
Total assets	\$ 1,523.2	\$ 1,239.3

The operating loss reported in corporate for 2005 consisted of \$18.6 million related to the rationalization of certain of the Company's Telecommunications and Networking manufacturing facilities, and included a \$(0.5) million gain from the sale of a previously closed manufacturing plant. The operating loss reported in corporate for 2004 consisted of \$7.1 million related to the rationalization of certain of the Company's North American Electrical Infrastructure cable manufacturing facilities, \$1.5 million for remediation costs of a former manufacturing facility, \$2.4 million related to the unwinding of the former fiber optics joint venture and \$1.9 million related to the write-off of goodwill. The operating loss reported in corporate for 2003 consisted of \$7.6 million related to the rationalization of certain of the Company's North American Electrical Infrastructure cable manufacturing facilities and \$2.7 million for severance related to headcount reductions of approximately 110 associates in the Company's European operations. These charges were partially offset by \$2.1 million of income resulting from the reversal of unutilized restructuring reserves related to the closure in prior years of North American manufacturing facilities. The Company has recorded the operating items discussed above in corporate rather than reflect

such items in the segments' operating income because they are not considered in the operating performance evaluation of the segments by the Company's chief operating decision-maker, its Chief Executive Officer.

Corporate assets included cash, deferred income taxes, certain property, including property held for sale and prepaid expenses and other current and non-current assets. The property held for sale consists of real property remaining from the Company's closure of certain manufacturing operations in the amount of \$3.1 million at December 31, 2005 and \$4.3 million at December 31, 2004. These properties are actively being marketed for sale. Depreciation on corporate property has been allocated to the operating segments.

The principal products, markets, distribution channels and end-users of each of the Company's product categories are summarized below:

<b>Product Category</b>	<b>Principal Products</b>	<b>Principal Markets</b>	<b>Principal End-Users</b>
<b>North American Electric Utility</b>			
Utility	Low-Voltage, Medium-Voltage Distribution; Bare Overhead Conductor; High-Voltage Transmission Cable	Electric Utility	Investor-Owned Utility Companies; State and Local Public Power Companies; Rural Electric Associations; Contractors
<b>International Electric Utility</b>			
European Utility	Low-Voltage, Medium-Voltage Distribution; High- and Extra High-Voltage Transmission Cable	Electric Utility	Investor-Owned Utility Companies; Government-Owned Power Companies; Contractors
Asia Pacific Utility	Low-Voltage, Medium-Voltage Distribution; Bare Overhead Conductor; High-Voltage Transmission Cable	Electric Utility	Investor-Owned Utility Companies; Government-Owned Power Companies; Contractors
<b>North American Portable Power and Control</b>			
Portable Cord and Electronics	Rubber and Plastic-Jacketed Wire and Cable; Instrumentation and Control Cable; Multi-Conductor; Coaxial; Sound, Security/Fire Alarm Cable	Industrial Power and Control; Utility/Marine/Transit; Mining; Equipment Control; Building Management; Entertainment	Industrial Consumers; Contractors; DIY and OEM's

**North American Electrical  
Infrastructure**

Instrumentation, Power, Control  
and Specialty

Rubber-Jacketed  
Power Cables and  
Cord; Instrumentation  
and Control Cable

Industrial Power and  
Control; Power  
Generation;  
Infrastructure;  
Utility/Marine/Transit;  
Military; Mining; Oil and  
Gas; Industrial

Industrial Consumers;  
Contractors; OEM s;  
Military Customers

<b>Product Category</b>	<b>Principal Products</b>	<b>Principal Markets</b>	<b>Principal End-Users</b>
<b>International Electrical Infrastructure</b>			
European Instrumentation, Power, Control and Specialty	Rubber and Plastic-Jacketed Wire and Cable; Power and Industrial Cable; Construction Cable	Industrial Power and Control; Power Generation; Infrastructure; Utility/Marine/Transit; Military; Mining; Oil and Gas; Industrial; Residential Construction	Industrial Consumers; Contractors; DIY and OEM s
Asia Pacific Instrumentation, Power, Control and Specialty	Rubber and Plastic-Jacketed Wire and Cable; Construction Cable	Industrial Power and Control; Power Generation; Infrastructure; Utility/Marine/Transit; Military; Mining; Oil and Gas; Industrial; Residential Construction	Industrial Consumers; Contractors; OEM s
<b>Transportation and Industrial Harnesses</b>			
Automotive	Rubber-Jacketed Ignition Wire Sets	Automotive Aftermarket	DIY and OEM s
Assemblies	Cable Harnesses Comprised of Rubber and Plastic-Jacketed Cable	Industrial Equipment; Medical Equipment	OEM s; Industrial Equipment Manufacturers
<b>Telecommunications</b>			
Outside Voice and Data	Outside Plant Telecommunications Exchange Cable; Outside Service Wire	Telecom Local Loop	Telecommunications System Operators; Contractors
<b>Networking</b>			
Data Communications	Multi-Conductor/Multi-Pair Fiber and Copper Networking Cable	Computer Networking and Multimedia Applications	Contractors; System Integrators; Telecommunications System Operators
European Communications			

	Multi-Conductor/Multi-Pair Fiber and Copper Networking Cable; Outside Plant Telecommunications Exchange Cable; Outside Service Wire	Computer Networking and Multimedia Applications; Telecom Local Loop	Contractors; System Integrators; Telecommunications System Operators
Asia Pacific Communications	Multi-Conductor/Multi-Pair Fiber and Copper Networking Cable; Outside Plant Telecommunications Exchange Cable; Outside Service Wire	Computer Networking and Multimedia Applications; Telecom Local Loop	Contractors; System Integrators; Telecommunications System Operators

The Company operates its businesses globally, with 66% of net sales in 2005 generated from North American operations and 34% generated from International operations.

## **Industry and Market Overview**

The wire and cable industry is competitive, mature and cost driven. In many business segments, there is little differentiation among industry participants from a manufacturing or technology standpoint. During 2004 and continuing throughout 2005, the Company's end markets have continued to demonstrate improvement from the low points of demand experienced in 2003. There has been significant merger and acquisition activity which, the Company believes, may lead to a reduction in the deployment of inefficient, high cost capacity in the industry. Wire and cable products are relatively low value added, higher weight (and therefore relatively expensive to transport) and often subject to regional or country specifications. The wire and cable industry is raw materials intensive with copper and aluminum comprising the major cost components for cable products. Changes in the cost of copper and aluminum are generally passed through to the customer, although there can be timing delays of varying lengths depending on the volatility in metal prices, the type of product, competitive conditions and particular customer arrangements.

### ***North American Electric Utility***

The North American Electric Utility market consists of low-, medium- and high-voltage power distribution and power transmission products for overhead and buried applications. Growth in this market will be largely dependent on the investment policies of electric utilities and infrastructure improvement. The Company believes that the increase in electricity consumption in North America has outpaced the rate of utility investment in power cables. As a result, the Company believes the average age of power transmission cables has increased, the current electric transmission infrastructure needs to be upgraded and the transmission grid is near capacity. In addition, the 2003 power outages in the U.S. and Canada emphasized the need to upgrade the power transmission infrastructure used by electric utilities, which may, over time, cause an increase in demand for the Company's North American Electric Utility products. In addition, tax legislation was passed in the United States in 2004 which included the renewal of tax credits for producing power from wind. This may also cause an increase in demand for the Company's products as the Company is a significant manufacturer of wire and cable used in wind farms. Also, the passage of energy legislation in the United States in 2005 that is aimed at improving the transmission grid infrastructure and the reliability of power availability may increase demand for the Company's transmission and distribution cables over time. An increase in the volume of North American Electric Utility segment sales in combination with increased selling prices is already occurring and leading to improvements in North American Electric Utility segment operating income.

The Company is a leader in the supply of cables to the North American electric utility industry. The business manufactures low- and medium-voltage aluminum and copper distribution cable, bare overhead aluminum conductor and high-voltage transmission cable. Bare transmission cables are utilized by utilities in the transmission grid to provide electric power from the power generating stations to the distribution sub-stations. Medium-voltage cables are utilized in the primary distribution infrastructure to bring the power from the distribution sub-stations to the transformers. Demand for both bare aluminum transmission cable and medium-voltage distribution cable increased strongly during 2005. Low-voltage cables are utilized in the secondary distribution infrastructure to take the power from the transformers to the end-user's meter.

The Company's North American Electric Utility cable business has strategic alliances in the United States and Canada with a number of major customers and is strengthening its position through these agreements. This business utilizes a network of direct sales and authorized distributors to supply low- and medium-voltage and high-voltage bare overhead cable products. This market is represented by approximately 3,500 utility companies.

A majority of the Company's North American Electric Utility market customers have entered into written agreements with the Company for the purchase of wire and cable products. These agreements typically have 2 to 4 year terms and provide adjustments to selling prices to reflect fluctuations in the cost of raw materials. These agreements do not guarantee a minimum level of sales. Historically, approximately 70% of our North American Electric Utility business revenues are under contract prior to the start of each year.

### ***International Electric Utility***

The International Electric Utility market consists of low-, medium-, high- and extra high-voltage power distribution and power transmission products for overhead and buried applications. Growth in the European and Asia Pacific markets, as in the North American market, will be largely dependent on the investment policies of electric utilities, infrastructure improvement and the growing needs of emerging economies. The Company believes that the increase in

electricity consumption in Europe has outpaced the rate of utility investment in power cables. As a result, the Company believes the average age of power transmission cables has increased, the current electric transmission infrastructure needs to be upgraded and the transmission grid is near capacity. In addition, the 2003 power outages in Europe emphasized the need to upgrade



the power transmission infrastructure used by electric utilities, which may, over time, cause an increase in demand for the Company's products. An increase in the volume of International Electric Utility segment sales in combination with increased selling prices is already occurring and leading to improvements in International Electric Utility segment operating income.

The Company is a leader in the supply of cables to electric utilities in the Iberian Peninsula, New Zealand and the Pacific Islands and is gaining substantial momentum in providing power cables to other areas in Europe. The business utilizes its broad product offering and its low cost manufacturing platform to grow. The business has also benefited from its competitors ongoing withdrawal of medium-voltage cable manufacturing capacity from the European market and from the trend in Europe to install power cables underground, which requires more highly engineered cables. In addition, the Company's recent acquisition of Silex will benefit the continued growth of the Company's International Electric Utility segment in Europe by expanding the Company's high-voltage and extra high-voltage product offerings while also strengthening the Company's material science, power connectivity and systems integration expertise.

#### ***North American Portable Power and Control***

The North American Portable Power and Control market consists of wire and cable products that are used for maintenance and conduct electrical current for industrial, OEM, and commercial power and control applications and electronics. The principal product categories in this segment are portable cord and electronics cables. Sales in North America are heavily influenced by the level of capital equipment investment and maintenance, factory automation and industrial activity and mining. The Company experienced strengthening demand throughout 2005 as a direct result of a strong turnaround in industrial construction and maintenance spending in North America, and also as a result of recovery and rebuilding efforts linked to the damage caused by Hurricanes Katrina and Rita. This segment has also experienced increased demand for mining products as well as portable power cords.

Many North American Portable Power and Control wire and cable applications require cables with exterior jacketing materials that can endure exposure to chemicals, extreme temperatures and outside elements. The Company offers products that are specifically designed for these applications.

The Company manufactures and sells a wide variety of rubber and plastic insulated portable cord products for power and control applications serving industrial, mining, entertainment, OEM, and other markets. Portable cord products are used for the distribution of electrical power but are designed and constructed to be used in dynamic and severe environmental conditions where a flexible but durable power supply is required. Portable cord products include both standard commercial cord and cord products designed to meet customer specifications. Portable rubber-jacketed power cord, the Company's largest selling cord product line, is typically manufactured without a connection device at either end and is sold in standard and customer-specified lengths. Portable cord is also sold to OEM's for use as power cords on their products and in other applications, in which case the cord is made to the OEM's specifications. The Company also manufactures portable cord for use with moveable heavy equipment and machinery. The Company's portable cord products are sold primarily through electrical distributors and electrical retailers to industrial customers, OEM's, contractors and consumers.

The Company's portable cords are used in the maintenance of existing equipment and to supply electrical power at temporary venues such as festivals, sporting events, concerts and construction sites. The Company expects demand for portable cord to be influenced by general economic activity.

The Company's electronics products include multi-conductor, multi-pair, coaxial, hook-up, audio and microphone cables, speaker and television lead wire and high temperature and shielded electronic wire. Primary uses for these products are various applications within commercial, industrial instrumentation and control and residential markets. These markets require a broad range of multi-conductor products for applications involving programmable controllers, robotics, process control and computer integrated manufacturing, sensors and test equipment, as well as cable for fire alarm, smoke detection, sprinkler control, entertainment and security systems.

#### ***North American Electrical Infrastructure***

The North American Electrical Infrastructure market consists of wire and cable products that conduct electrical current for industrial, OEM, and commercial power and control applications. The principal product categories in this market are instrumentation, power, control and specialty cables. The market for North American Electrical Infrastructure cable products has many niches. Sales in North America are heavily influenced by the level of industrial

construction spending. The Company experienced strengthening demand throughout 2005 as a direct result of a strong turnaround in industrial construction spending in North America. This segment has also experienced increased demand for marine, mining and oil and gas exploration products.

Many North American Electrical Infrastructure wire and cable applications require cables with exterior armor and/or jacketing materials that can endure exposure to chemicals, extreme temperatures and outside elements. The Company offers products that are specifically designed for these applications.

The Company's North American Electrical Infrastructure products include low- and medium-voltage industrial cables, rail and mass transit cables, shipboard cables, oil and gas cables and other industrial cables. Primary uses for these products include various applications within power generating stations, marine, mining, oil and gas, transit/locomotive, OEM's, machine builders and shipboard markets. The Company's Polyrad<sup>®</sup> Marine wire and cable products also provide superior properties and performance levels that are necessary for heavy-duty industrial applications to both onshore and offshore platforms, ships and oil rigs.

Additional product offerings include medium- and low-voltage power, control and instrumentation cable, armored power cable, flexible control cables, festoon cables, robotic cables and industrial data communications cables. These products have various applications in power generating stations and sub-stations, process control, mining, material handling, machine tool and robotics markets.

#### ***International Electrical Infrastructure***

The International Electrical Infrastructure market consists of wire and cable products that conduct electrical current for industrial, OEM, and commercial and residential power and control applications. The principal product categories in this market are instrumentation, power, control and specialty cables and flexible construction cables. The market for International Electrical Infrastructure cable products has many niches. Sales in Europe and Asia Pacific are heavily influenced by the level of residential and industrial construction spending. The Company experienced strengthening demand throughout 2005 as a result of a continuing turnaround in residential and industrial construction spending in these regions. This segment has also experienced increased demand for marine, mining and oil and gas exploration products.

Many International Electrical Infrastructure wire and cable applications require cables with exterior armor and/or jacketing materials that can endure exposure to chemicals, extreme temperatures and outside elements. The Company offers products that are specifically designed for these applications.

The Company's International Electrical Infrastructure products include construction cables that meet low-smoke, zero-halogen requirements in Europe. Additional product offerings include medium- and low-voltage power, control and instrumentation cable, armored power cable, flexible control cables, festoon cables, robotic cables, and cables used in marine, mining, and oil and gas industries. These products have various applications in power generating stations and sub-stations, process control, mining, material handling, machine tool, robotics and construction markets.

#### ***Transportation and Industrial Harnesses***

The Transportation and Industrial Harnesses market consists of jacketed wire and cable products and harnesses for automotive and industrial applications. The Company's principal automotive product is ignition wire sets for sale to the automotive aftermarket. The Company sells its automotive ignition wire sets primarily to automotive parts retailers and distributors, hardware and home center retail chains and hardware distributors. The Company's automotive products are also sold on a private label basis to retailers and other automotive parts manufacturers. Sales of the automotive products are heavily influenced by the general overall health of the economy, and sales are often stronger during slower economic times since aftermarket ignition wire sets are used to maintain and lengthen the life of automobiles.

The other primary products in the Transportation and Industrial Harnesses segment are cable harnesses (assemblies) for use in industrial control applications as well as medical applications. These assemblies are used in such products as industrial machinery, diagnostic imaging equipment and data processing equipment. These products are sold primarily through distributors and agents to OEM's and industrial equipment manufacturers.

#### ***Telecommunications***

The Telecommunications market consists of wire and cable products that transmit low-voltage signals for voice and data applications. The principal product category is outside voice and data products that are used for voice, data and video transmission applications. The Company's principal Telecommunications products are outside plant telecommunications exchange cable and service wire. Outside plant telecommunications exchange cable is short haul trunk, feeder or distribution cable from a telephone company's central office to the subscriber premises. It consists of

multiple paired conductors

(ranging from 2 pairs to 4,200 pairs) and various types of sheathing, water-proofing, foil wraps and metal jacketing. Service wire is used to connect telephone subscriber premises to curbside distribution cable.

The Company sells its Telecommunications products primarily to telecommunications system operators through its direct sales force under supply contracts of varying lengths, and also to telecommunications distributors. The contracts do not guarantee a minimum level of sales. Product prices are generally subject to periodic adjustment based upon changes in the cost of copper and other factors.

During the early part of this decade, sales of Telecommunications wire and cable products decreased, primarily as a result of the significant decline from historic spending levels for outside plant telecommunications cables. The Company has benefited from the consolidation of competitors during 2004 and will also benefit from the substantially completed closure of its Bonham, Texas facility which will allow the Company to better utilize its manufacturing assets. Growth in this market will be largely dependent upon the level of capital spending by the Regional Bell Operating Companies, or RBOCs, on maintenance, repair and expansion of their copper cable infrastructure. During 2005, overall demand for Telecommunications wire and cable products from the RBOCs declined. However, increased sales of service wire partially offset that decrease in demand. The Company anticipates, based on recent public announcements, further deployment of fiber optic products into the telephone network. Increased spending by the telephone companies on fiber deployment may negatively impact their purchases of the Company's copper based telecommunications cable products, but may, to a lesser extent, positively impact their purchases of the Company's fiber optic cable products. The negative impact on the purchase of copper based products may also be somewhat mitigated in that the Company believes it will benefit from the further investment in fiber broadband networks as some of its customers will most likely need to upgrade a portion of their copper network to support the fiber network.

#### ***Networking***

The Networking market consists of wire and cable products that transmit low-voltage signals for voice and data applications. The principal product category is data communications products that include high-bandwidth twisted copper and fiber optic cables and multi-conductor cables for customer premises, local area networks and telephone company central offices. Customer premise networking products are used for wiring at subscriber premises, and include computer, riser rated and plenum rated wire and cable. Riser cable runs between floors and plenum cable runs in air spaces, primarily above ceilings in non-residential structures. Local area network cables run between computers along horizontal raceways and in backbones between servers. Central office products interconnect components within central office switching systems and public branch exchanges. The Company sells data communications products primarily through a direct sales force.

During the early part of this decade, sales of Networking products decreased, primarily as a result of a weak market for switching/local area networking cables. The Company has benefited from the consolidation of competitors during 2004 and will also benefit from the substantially completed closure of its Dayville, Connecticut facility which will allow the Company to better utilize its Networking manufacturing assets. Growth in this market will be largely dependent upon the level of information technology spending on network infrastructure. During 2005, enterprise networking cable sales increased as a result of the Company's new go-to-market strategy and the need for companies to maintain and upgrade their current networks.

#### **Geographic Groups**

General Cable analyzes its worldwide operations in two geographic groups: 1) North America and 2) International. The following table sets forth net sales, operating income and total long-lived assets by geographic group for the periods presented, in millions of dollars:

	Fiscal Year Ended December 31,					
	2005		2004		2003	
	Amount	%	Amount	%	Amount	%
<b>Net sales:</b>						
North America	\$ 1,573.2	66%	\$ 1,300.6	66%	\$ 1,074.2	70%
International	807.6	34%	670.1	34%	464.2	30%
Total net sales	\$ 2,380.8	100%	\$ 1,970.7	100%	\$ 1,538.4	100%
<b>Operating income (loss):</b>						
North America	\$ 54.0	46%	\$ 17.1	25%	\$ 5.6	10%
International	63.1	54%	52.3	75%	48.3	90%
Subtotal	117.1	100%	69.4	100%	53.9	100%
Corporate charges	(18.6)		(12.9)		(8.2)	
Total operating income	\$ 98.5		\$ 56.5		\$ 45.7	

	December 31,	
	2005	2004
<b>Total long-lived assets:</b>		
North America	\$ 206.4	\$ 213.4
Internatio		